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**United States and Kuwait  
Sign Trade and Investment Framework Agreement**

WASHINGTON - U.S. Trade Representative Robert B. Zoellick and Kuwaiti Minister of Commerce and Industry Abdullah Al Taweel today signed an agreement creating a framework for increased trade and investment between Kuwait and the United States.

“This agreement will promote trade between Kuwait and the United States and is part of our effort to facilitate economic development in the region,” said Zoellick. “Increased trade will help Kuwait grow while laying the foundation for a greater liberalization and diversification of its economy. Kuwait has been a strong supporter of the United States in the fight against terrorism, and I look forward to exploring ways to deepen our economic relationship.”

The new Trade and Investment Framework Agreement (TIFA) establishes a United States-Kuwait Council on Trade and Investment in which high level officials from each country will meet to advance trade and investment issues. The Council will be chaired by the Office of the U.S. Trade Representative and the Kuwait Ministry of Commerce and Industry.

In 2002, the United States exported \$1 billion worth of goods to Kuwait, including iron and steel, chemicals, drilling and oilfield equipment, aircraft, and food products. The United States imported \$2 billion in goods from Kuwait that year, including crude oil, petroleum products, and chemical fertilizer.

**Background:**

*U.S.-Middle East Free Trade Area*

To re-ignite economic growth and expand opportunity in the Middle East, the President proposed on May 9, 2003 establishing a U.S.-Middle East Free Trade Area within a decade. Building on our free trade agreements (FTAs) with Jordan and Israel, the United States will take a series of graduated steps:

- Help reforming countries become members of the World Trade Organization;
- Negotiate Bilateral Investment Treaties and Trade and Investment Framework Agreements (TIFA) with governments determined to improve their trade and investment regimes;
- Launch, in consultation with Congress, new bilateral free trade agreements with governments committed to high standards and comprehensive trade liberalization; and
- Provide assistance to build trade capacity and expansion so countries can benefit from integration into the global trading system.

The United States has used bilateral TIFAs to develop economic dialogues with countries to promote closer economic ties, freer trade, greater openness, a stronger investment climate, and economic reforms. These robust dialogues have fostered market liberalization and economic reforms and the negotiation of free trade agreements with U.S. partners such as Bahrain, Jordan, and Morocco. The U.S.-Kuwait TIFA will serve as an essential element in implementing the MEFTA initiative.

#### *U.S. Efforts to Promote Trade Globally, Regionally and Bilaterally*

The U.S. trade agenda involves working to open markets globally (Doha WTO trade negotiations); regionally (the FTAA); and bilaterally (such as the recently concluded CAFTA). With only six current FTA partners (not counting CAFTA, which still must be enacted), FTAs with the U.S. are relatively rare and attractive to countries seeking to expand their economies. FTAs with the U.S. can boost economic growth by promoting the rule of law, regulatory transparency and other positive reforms that attract investment and help create efficient and more modern economies.

These policy initiatives have had a transforming impact on those countries that embraced market opening and liberalizing reforms. Free trade with the United States has led to Jordan's exports to the United States growing from \$16 million in 1998 to a projected \$600 million in 2003. Of this increase, in only two years Jordan's non-textile exports to the United States have risen to \$100 million. This diversification of exports is a key FTA benefit. Jordan's exports to the rest of the world increased 97 percent between 1998 and 2002 (from \$1.2 billion to \$2.3 billion), outpacing the 68 percent growth for the Middle East as a whole.

The Jordanian Government reports that more than 30,000 jobs have been created by Jordan's expanding trade with the United States, and that foreign direct investment in Jordan rose from \$627 million in 1995 to \$2.4 billion, or 26% of gross domestic product, in 2002. Jordan directly attributes its increased economic performance and competitiveness to the steps it has taken in the WTO and its free trade relationship with the United States.